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PROVIDER BULLETIN

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THIS ISSUE

Vocational Rehabilitation Purchasing

TO:

Vocational Rehabilitation
Providers
Rehabilitation Centers
Retraining Services Providers
Placement Agencies
Interpreters
Physicians
Chiropractic Physicians
Physical Therapists
Occupational Therapists
Nurses
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Purpose:

This bulletin tells you of changes in Labor and Industries' new purchasing practices for vocational rehabilitation services. It describes the following areas of change:

- A new chapter of the Washington Administrative Code (WAC)
- A new payment method
- Expiration of firm contracts and the creation of a new provider application process
- Improvements to performance measurement and tracking
- The new approach to making vocational referrals

The bulletin also summarizes important **dates of changes** for you to remember, and, finally, it lists **resources** the department has set up to help you understand and adjust to the changes.

Why did the department make the changes?

For some years the department experienced difficulties and challenges in the process of contracting for vocational services. To begin to address these changes, in 1998, Health Services Analysis contracted with the consulting firm of William M. Mercer. The Mercer team advised that the purchasing method of contracting with the vocational providers be discontinued and that new requirements be placed in WAC.

At approximately the same time of the Mercer study, the Joint Legislative Audit and Review Committee (JLARC) authorized a performance audit of the department's workers' compensation activities. In the area of vocational rehabilitation, one of the recommendations was to "move toward higher standards of private sector vocational rehabilitation providers."

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What changes for vocational rehabilitation services did the department make in the new chapter of WAC?

The department replaced the old WAC chapter with the new: WAC 296-19A. The primary features of this new chapter are as follows:

- The definition of “employable” now reflects the legal standard set forth in case law: that is, the worker must be able to perform and obtain gainful employment.
- The department has changed the definition of “provider” to resemble more closely the definition of “medical provider”: that is, someone who may be an individual practitioner or a business entity.
- The department has responded to the recommendations from JLARC and Mercer and raised the minimum provider qualifications through the use of national certification. Individual providers registered with the department prior to December 1, 2000, have six years to meet the new requirements.
- New itemized billing requirements will allow the department to track the costs of vocational services at the individual provider level.
- Clearer requirements for services provided, as well as the content of progress and closing reports, will help encourage provider accountability, produce better claim management information, and assist in performance measurement.
- The new WAC rules identify clearly the requirements for providers who are working on department-based referrals and for self-insured referrals.
- The new WAC rules reinforce state law by clearly stating that the department’s fee schedule applies to services provided for both department-based and self-insured vocational referrals.

What is the department’s new payment method?

The department has developed a new method of paying for vocational services. Although the department will still pay providers on an hourly basis, the department’s fee schedule will now control billing and payment, instead of using the prior contracting method with vocational firms.

Labor and Industries will pay interns at 85% of counselor rates and department-authorized forensic services at 120% of counselor rates. The department will continue to pay travel/wait time at 50% of the professional VRC rate, and mileage at state rates.

To address the scope of vocational services and to ensure proper billing, the department has developed an expanded set of billing codes. The department will also implement fee caps to regulate the total amount billed on a referral. You will find specific information on the fee schedule and caps on the department’s *Frequently Asked Questions and Comments*, located on the department’s Internet site at <http://www.lni.wa.gov/hsa/vocational.htm>.

What will happen to the contracts the department now has with vocational firms, and how will providers apply to the department?

The Mercer team recommended that the department require providers to apply for a provider number, instead of using contracts. Because the current provider contracts stipulate many requirements, including provider qualifications, the elimination of provider contracts compelled the department to detail certain provisions in the new WAC.

The current contracts between the department and vocational rehabilitation firms will expire on May 31, 2001. The department will require that all vocational rehabilitation counselors, interns, supervisors, and firms apply for and obtain a provider number from the department in order to be eligible to receive state-fund and self-insured referrals (on or after June 1, 2001). Vocational rehabilitation counselors, interns, and supervisors may not provide vocational services to industrially injured or ill workers without a provider number, nor can a firm or individual receive payment for services rendered by a vocational rehabilitation counselor, intern, or supervisor who does not have a provider number.

What is the department's new approach to making vocational referrals?

The Mercer team recommended that the department make referrals to individual providers. The new WAC 296-19A reflects that decision. Labor and Industries believes that this approach encourages greater accountability for the work the providers do and for better measurement to aid the department and providers. The department must make referrals based upon a provider's performance rating. The department will make referrals based upon the firms' performance rating score until such time that the department can generate individual performance ratings for individual providers. Once an individual provider has developed a performance rating, the department may consider making referrals directly to the individual provider. Until individual performance ratings are available, the department may consider making referrals directly to individual providers who possess one of the national certifications required in the WAC.

The department is implementing both regulatory changes and system changes to more effectively track individual provider activity on referrals. Then the department will use the information to make vocational referrals based on the performance of individual counselors.

What are the revisions to the provider application process?

Because the department intends to eventually make referrals only to individual providers, it has developed a new provider application process. Beginning December 1, 2000, the department will require that all providers submit a provider application to the department and receive a provider number, in order to deliver vocational services to industrially injured or ill workers. The department will be mailing application packets to all registered vocational providers.

What are the dates of changes that you must remember?

Many of the program changes that the department will implement are contingent on the implementation of the new chapter of WAC. Note the effective dates listed below, along with the major implementation dates for program changes.

➤ December 1, 2000:

- WAC 296-19A-210 Qualifications effective
- WAC 296-15-500 Self-insured vocational rehabilitation reports
- WAC 296-15-510 Self-insured vocational rehabilitation process effective
- Department begins accepting vocational provider applications

➤ June 1, 2001:

- All other sections of WAC 296-19A effective
- New reimbursement rates, codes, and fee caps effective
- Department information systems changes completed, allowing performance measurement and referrals at individual provider level

What resources does and will the department offer you to help you understand and adjust to the changes?

Because the department wants to help vocational providers and others adjust to the new vocational rules and other program changes, Labor and Industries is offering the following assistance and resources:

1. Training Workshops

The department is presenting a series of workshops to review the “New Vocational Rules for Vocational Providers Working with Washington Injured Workers.” The **first series** of workshops ran from October 24 through November 17, 2000; a **second series** will occur in May 2001. The first series focused primarily on the new vocational rules that deal with the new qualifications, the new provider application process, State-Fund service locations, business requirements, and an overview of payment changes. The workshops in May 2001 will address the remaining vocational rules. Workshop sites are in Spokane, Everett, SeaTac, Yakima, Tumwater, and Vancouver.

In addition to the above workshops, the department presented two half-day seminars on January 24, 2001, specifically on **billing issues**.

Participants must pre-register for the May training workshops. For more information on the workshops, please contact Patti Hamrick at (360) 902-6753.

2. Billing Instructions

Since the department has made some changes in billing, it has prepared detailed instructions for you on how to bill for services. In order to obtain a copy of the instructions (*Miscellaneous Services: Billing Instructions*),

please contact The Provider Hotline, 1-800-848-0811. The department will send a copy of the billing instructions to all providers when they receive their provider numbers.

3. Internet Materials

The department has an extensive Internet home page which offers you information and forms on the vocational changes. Examples of the resources include the following:

- The report from William M. Mercer, documenting its study of the department's vocational purchasing process
- The vocational WAC 296-19A
- Information about and applications for the training workshops
- *A Frequently Asked Questions and Comments* link that answers many questions or issues raised about the change
- PSRS information
- Vocational provider performance ratings

The department will continue to add more information to its Internet site:

<http://www.lni.wa.gov/hsa/vocational.htm>.